The MORTGAGE BANKER

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Aksel Nielsen Is Nominee for MBA President for 1948-49 Term; R. O. Deming, Jr. for Vice President

AKSEL NIELSEN of Denver—a city which heretofore has not been represented in the MBA presidency—is the nominee for president of the Mortgage Bankers Association of America for the 1948-49 term to succeed John C. Thompson of Newark. Mr. Nielsen is president of The Title Guaranty Company, oldest title company in Colorado.

R. O. Deming, Jr., president of The Deming Investment Company, Oswego, Kan., is the nominee for vice president. The election will be at the annual business meeting at our 35th annual convention in New York, September 22 to 24.

Aksel Nielsen

The announcement was made at the Spring board of governors meeting in Chicago by John H. Scott, Pittsburgh, chairman of the nominating committee.

Mr. Nielsen is a native of Denmark and came to this country in 1912. He received his education in Denver schools and his early business career was in the real estate field in that city. He became associated with The Title Guaranty Company in 1925, and was elected president in 1946. He has been active in MBA since 1937 and has served on many committees.

Mr. Deming has been a member of the Association since 1924, has served on many committees and has been particularly active in the farm mortgage division of the organization. His firm was organized in 1880 and was one of the original charter members of the Association. His late father served as president in 1923-24.

Seven members were nominated for four-year terms on the board of governors. They include:

Milton T. MacDonald, vice president, The Trust Company of New Jersey, Jersey City;

C. Armel Nutter, president, Nutter Mortgage Service, Camden, N. J.;

C. W. Kistler, president, C. W. Kistler Company, Miami;

Edward F. Lambrecht, president, Lambrecht Realty Company, Detroit;

Jack D. Merriman, Merriman Mortgage Company, Kansas City, Mo.;

Homer C. Bastian, president, The Fidelity Investment Company, Wichita; and

(Continued next page)

R. O. Deming, Jr.

Initial Convention Plans Announced; Panel Discussions Feature 35th Annual Program

Plans are underway for MBA's big 35th Annual Convention at Hotel Commodore, New York, September 22 to 24. The Convention Committee headed by W. Wallace True of New York met in May to work out the preliminary program. Those attending were President John C. Thompson, Secretary George H. Patterson, C. Armel Nutter, Camden, N. J., and Milton T. MacDonald, Jersey City. Announcements will be appearing soon.

We meet a little earlier than usual this year and the particular days are Wednesday, Thursday and Friday, which have always been popular with members. The first morning will be given over to registering, seeing friends and generally getting set for the meeting. Registration won't be much of a problem because most MBA members will have registered in advance by mail and will get an advance registration list when they arrive.

First general session will be Wednesday afternoon and feature the President's report and addresses by a nationally-known legislator and a prominent banker. These will be followed by our annual business meeting, election of officers and presentation of the annual award to the member performing the most distinguished service to the Association and the industry during the past year.

Thursday morning will be devoted to FHA and GI with an interesting new feature added. That afternoon will be devoted to a panel discussion now being arranged.

Friday morning will be given over to a panel on conventional loans and the afternoon session will feature a series of divisional meetings.

Our cabaret party will be held Thursday night and the annual banquet Friday night. Wednesday night is open.

Members who recall the highly successful cabaret at Cleveland will be interested to know that we have an equally good one arranged for this year. At the Friday night banquet, one of the most respected and admired men in the country has given us his tentative acceptance. More about that and other features very soon.

Right now members should watch for our letter requesting advance registrations; and if you have not sent your reservation for hotel accommodations to our Housing Bureau, do so at once. But plan now to be there!

EXHIBIT SPACE SOLD OUT; BIGGEST FIRMS TO DISPLAY

MBA's 35th annual convention is still about four months away but final arrangements have already been completed for the 9th annual Exhibit of Building, Industry and Services. Work on this began in December. The show will run concurrently with the Convention at Hotel Commodore, New York, and will be by far the most comprehensive yet staged.

All space has been contracted for and our exhibitors will include some of the largest companies in the country. They are Briggs Beautyware, Pittsburgh Plate Glass Company, Crane Company, General Electric Company, New Castle Products (Modernfold Door), Kitchen Maid, Stran Steel Division of Great Lakes Steel Corp., Monroe Calculating Machine Company, Portland Cement Association, Kelvinator, Friden Calculating Machine Company, Westinghouse Electric Company, Ruud Manufacturing Company, Paramount Fire Insurance Company, Rheem Manufacturing Company, National Cash Register Company, Hill Termite Controls Systems, and American Radiator and Standard Sanitary Manufacturing Company. Pittsburgh Plate Glass has taken all the space in one room.

The names of these companies indicate the types of products and services which will be on display. Those attending the Convention will have an opportunity to see the latest developments in scores of home appliances, office equipment, building materials and other products and services. It is a compliment to MBA prestige that companies of this caliber have reserved an important part of their promotion effort for contacting our members at their annual convention. Make a mental note now that one of the first things on your convention schedule is to be a careful examination of our exhibit. You'll find it more profitable.

NOMINEES FOR MBA POSTS

(Continued from page 1)

Allyn R. Cline, president, Cline Mortgage and Trust Company, Houston.

Nominees for regional vice presidents for one-year terms include:

Amos G. Hewitt, Amos G. Hewitt Mortgage Company, New Haven;

Brown L. Whatley, president, Stockton, Whatley, Davin & Company, Jacksonville, Fla.;

C. P. Kennedy, Kennedy & Stevenson, Cincinnati;

Earl Linn, vice president, The Weitz Investment and Realty Company, Des Moines;

H. B. Moffitt, vice president, Realty Mortgage and Sales Company, Oklahoma City; and

W. Robert McMurray, vice president, Commonwealth, Inc., Portland, Ore.

Nominees for regional vice president for two-year terms include:

James W. Rouse, president, The Moss-Rouse Company, Baltimore;

Walter Gehrke, president, Detroit Mortgage and Realty Company, Detroit;

O. G. Gresham, Gresham & Company, Birmingham;

Andrew Sproule Love, vice president, Edward K. Love Realty Company, St. Louis;

A. H. Cadwallader, Jr., president, Mortgage Investment Corporation, San Antonio; and

Harold F. Whittle, president, H. F. Whittle Investment Company, Los Angeles.

The nominees include six members who have not previously served on the board or as regional vice president—Messrs. Merriman, Bastian, Hewitt, Gehrke, Love and Cadwallader.

NEW MEMBERSHIP DRIVE BEST IN PAST YEARS

MBA is having the most successful new membership year in its history. Total membership, as of June 1, stood at 1205, an all-time high. Total new members so far in this 1947-48 year ending August 31, 1948, stands at 133, of which 62 are a result of our special membership campaign conducted by Membership Chairman Milton T. MacDonald, Jersey City, N. J., and Secretary George H. Patterson.

The campaign was carefully planned and executed. Mr. MacDonald's committee includes: C. Armel Nutter, Camden, New Jersey; James W. Rouse, Baltimore; Clyde W. Kistler, Miami; Howard S. Bissell, Cleveland; O. G. Gresham, Birmingham; Charles H. Christel, St. Louis; Hubert R. Haeussler, Detroit; Earl Linn, Des Moines; Howard B. Moffitt, Oklahoma City; Allyn R. Cline, Houston; George W. Elkins, Beverly Hills, California; and W. Robert McMurray, Portland, Ore.

BUSY YEAR FOR MBA AND LOCAL GROUP CONTACTS

This is proving to be a particularly busy year as far as contact between MBA and local groups over the country is concerned. Discussing his appearances before these groups, President Thompson told members of the board at the May meeting that everywhere he had found serious audiences who want to know more of MBA, what it is doing and what position it takes on questions affecting the industry.

"Truly the Association has reached a new height of service," he said.

On the evening before the board meeting in Chicago, he addressed more than 100 members of the Mortgage Bankers Association of St. Louis. He had previously appeared before the Cleveland, Minneapolis, St. Paul, Miami, Texas, Jacksonville, Houston, New Orleans, Newark and Philadelphia groups. His June schedule calls for a meeting in Des Moines, a return engagement before the Minneapolis group and a talk before the newly organized Mortgage Bankers Association of New York.

33 States, Canada and Puerto Rico to Send Members to MBA Mortgage Banking Seminar

Mortgage men and women from 32 states, Canada and Puerto Rico are registered for MBA's first Mortgage Banking Seminar June 21-25 at Northwestern University's Chicago campus. Of the 135 registered, four are women. Norman H. Nelson, St. Paul, told board members in his report that the uccess of the project is well assured and that it will provide the pattern for similar future courses. His committee ncludes Robert H. Pease, Thomas J. Purcell and William L. Leighly of Chicago; and Willis R. Bryant, San Francisco. They developed the program in cooperation with President John C. Thompson, Secretary George H. Patterson and Frank J. McCabe, director of education and research. With the excellent program and high-calibre faculty, this project is an achievement which every member can ooint to with pride because it represents an important contribution to the mortgage business today and tomorrow.

In the registration list which follows, members will quickly spot some of the "younger generation" in firms they know well:

R. C. Larson, C. A. Larson Investment Co., Beverly Hills, Calif.; Henry Rasmussen, Jr., John Burnham & Co., San Diego; W. E. Coady, Garrett-Bromfield & Co., Denver; T. Webber Houston, Denver.

Ott Thompson, Connecticut General Life Insurance Co., Hartford; H. Colin Haines, Frederick W. Berens, Inc., Washington, D. C.; Harry P. Bergmann, The Riggs National Bank of Washington, D. C.; John D. Yates, Stockton, Whatley, Davin & Company, Jacksonville.

W. S. Brenza, The Keyes Company, Miami; R. J. Shirk, Lon Worth Crow Company, Miami; Roger N. Terrell, D. R. Mead & Co., Miami Beach; Frank E. Edwards, Tharpe & Co., Atlanta.

Forrest Shaw, American National Bank & Trust Company of Chicago; Stanley G. Swanson, Chicago City Bank and Trust Company; Richard L. Airey, George H. Dovenmuehle, Jr., and Carl J. Schroeder, Dovenmuehle, Inc., Chicago.

Harry N. Gottlieb, Jr., Draper and Kramer, Inc., Chicago; Roy G. Coomes, The First National Bank of Chicago; William C. Prather, The First National Bank of Chicago; Robert M. Hepner, Robert M. Hepner & Co., Chicago.

Helen Lynskey, Hogan & Farwell, Inc., Chicago; Aron Kahn, Kahn-Levinkind, Inc., Chicago; Robert H. Schroeder, Merchants National Bank In Chicago; James I. Rothschild, H. F. Philipsborn & Co., Chicago.

Jane Long, Harry Mueller and Thomas F. Seay, Seay and Thomas, Chicago; Leonard L. Youmans, The Western and Southern Life Insurance Company, Chicago.

Robert F. Doemland, Paul A. Wilde & Co., Chicago; Walter U. Bolliger, Mercantile Mortgage Co., Decatur; Robert T. Filip, Fidelity Life Association, Fulton, Illinois; Paul H. Lichtenberger, First Granite City National Bank, Granite City, Ill.

Samuel W. Wolf, Mercantile Mortgage Company, Granite City, Ill.; Jack K. Samp, Hicks Fallin, Inc., Peoria; J. D. Carter, Carter Mortgage Service, Evansville, Ind.; Edwin H. Hasse, Fort Wayne National Bank, Fort Wayne, Ind.

Mark V. Overmyer, Lincoln National Bank & Trust Company, Fort Wayne; Lafayette Gasaway, H. Duff Vilm Mortgage Co., Inc., Indianapolis; Lee E. Ritchey, Whitcomb & Keller Mortgage Co., Inc., South Bend, Ind.; Roland H. Tornblom, The City National Bank of Council Bluffs, Council Bluffs, Iowa.

M. N. Baird, Bankers Trust Company, Des Moines; Fred H. Quiner, Central National Bank and Trust Company of Des Moines; Morris Anderson, Weitz Investment & Realty Co., Des Moines; Herman M. Oakes, Deming Investment Company, Oswego, Kan.

G. R. Monroe, The Monarch Investment Co., Inc., Wichita; Douglas L. Black, Douglas L. Black Mortgage Co., New Orleans; Carl O. Olson, The Baltimore Life Insurance Company, Baltimore; James W. Rouse, The Moss-Rouse Company, Baltimore; John Joseph Gill, Sun Life Insurance Co. of America, Baltimore.

Harold A. Hogan, National Bank of Detroit; H. A. Kersten, H. G. Woodruff, Inc., Detroit; Kenneth G. Young, Eberhardt Company, Minneapolis; Ralph C. Knauss, Thorpe Bros., Inc., Minneapolis.

Rohland H. Thomssen, Jr., Clapp-Thomssen Co., St. Paul; Doren A. Eitsert, Lumbermen's Finance Corporation, St. Paul; H. J. Cummings and R. K. Moore, The Minnesota Mutual Life Insurance Company, St. Paul.

Lloyd Fisher and James Wyatt, H. & Val J. Rothschild, Inc., St. Paul; H. G. Bartz, Jr., Charles F. Curry and Company, Kansas City, Mo.; George R. Peterson, First Mortgage Investment Company, Kansas City, Mo.

Thomas J. Hayes, Jr., James F. Lillis Company, Kansas City, Mo.; Fred C. Roeper, First National Bank in St. Louis, Missouri; Donald W. Weishahn, C. C. Kimball Company, Lincoln, Neb.; Mary E. Barrett, McFarland & Kennedy, Inc., Omaha.

Charles J. Kydd, Jr. and Harry A. Taylor, Jr., Frank H. Taylor & Sons, Inc., East Orange, N. J.; Wayne K. Long and Frank Reinfurt, Jersey Mortgage Co., Elizabeth, N. J.

Willard V. Hooley, Union County Trust Company, Elizabeth, N. J.; Robert C. Pollock, West Hudson National Bank of Harrison, Harrison, N. J.; Jay I. Kislak, J. I. Kislak, Inc., Jersey City, N. J.; Milton Coven, Bankers Mortgage Company, Paterson, N. J.

Philip L. Greenawalt, The Brooklyn Savings Bank, Brooklyn; Donald L. Brand and N. Holland Jewett, Hill Mortgage Corporation, Buffalo, N. Y.; Bernard A. Epter, Lawrence A. Epter & Associates, Inc., New York; Alvin Kaplan, National Safety Bank & Trust Company of New York.

John F. Gertis, Thomas W. Leary, Chauncey H. McCann and Paul H. Shubmehl, H. J. Ludington & Company, Rochester, N. Y.

Clarence T. Leinbach, Jr., Cody Realty and Mortgage Co., Winston-Salem, No. Carolina; Walter Kautz, The Ohio National Life Insurance Co., Cincinnati; E. C. Spelman, The Western and Southern Life Insurance Company, Cincinnati; W. E. Beckett, Allied Mortgages, Inc., Cleveland, Ohio.

William R. Adelman, The Bank of Ohio Company, Cleveland; Marvin S. Cook, Howard S. Bissell, Inc., Cleveland; Wright Bomford, Jr., Bomford Brothers Company, Tulsa, Oklahoma; D. Ross Grimes, Bomford Brothers Company, Tulsa.

Albert Mager, Jr., Mager Mortgage Company, Oklahoma City; John W. Johnston, W. R. Johnston & Co., Inc., Oklahoma City; Wylie L. Bucher, Commonwealth, Inc., Portland, Oregon; Lincoln R. Jarrett, Roscoe Q. Jarrett Organization, Allentown, Pa.

Hugh Harkins, W. A. Clarke Mortgage Company, Philadelphia; S. Marshall Gorson, Fidelity Bond & Mortgage Company, Philadelphia; Walter P. Rogers, Jr., The Western Saving Fund Society of Philadelphia; Rita Hamm, Provident Trust Company, Pittsburgh.

Lyman G. Slocum, Industrial Trust Company, Providence, R. I.; R. Frank Jones, Joyner Heard Company, Memphis; Max B. Ostner, James E. McGehee & Company, Inc., Memphis; G. R. Swantner, Jr., G. R. Swantner Investment Corp., Corpus Christi, Texas.

Jerry B. Frey, Jr., Maxson-Mahoney-Turner, Dallas; Stanley R. Marks, Mortgage Investment Corporation, Dallas; David D. Steere, Republic Insurance Company, Dallas; William H. Davis, Republic National Life Insurance Company, Dallas.

John T. Sears, Southern Trust & Mortgage Company, Dallas; Walter Semeyn, T. J. Bettes Company, Houston; H. Grady Stebbins, Jr., Mortgage Investment Corporation, San Antonio; Ames L. Gill, Richard Gill Co., San Antonio.

(Continued page 8, column 1)

DELINQUENCIES AND WHAT WE DO ABOUT THEM

Second of a Series of "Clinics in Print"

Mortgage Delinquencies No Problem Today; Survey Reflects Good Payment Record

ADD some more names to the page headed "Famous Wrong Guessers of History." Include them with the names of those who said that the stock market crack-up after Labor Day, 1946 meant the end of the wartime boom and the department of commerce officials who foresaw a vast unruly horde of unemployed a year after VE day and the many others who said the slump in commodities in February, 1948 "was it."

On this page of history include the wrong guessers who predicted a tidal wave of mortgage foreclosures a few years after war's end, the others who said "Title VI's won't be very good" and those who shook their heads when the veteran was mentioned as a mortgage risk.

It seems they have all been wrong —so far. The postwar boom had more life in it than most people expected. Every time something has happened that seemed to foreshadow its end, there has been a pick up to carry it on further into even higher ground. And unless something happens between the time this is written and the time it is published, it can be said that, as of May-June, 1948, there is a remarkable unanimity of opinion among economists, government officials and business leaders that no set-back is anticipated in the immediate foreseeable future.

These are random observations preliminary to a brief examination of a certain aspect of the mortgage business which seems pertinent at the moment.

Is the average mortgage borrower keeping up his payments?

Are loan delinquencies increasing?

Are foreclosures rising?

What sort of risk has the G.I. turned out to be?

How do conventional loans, FHA and G.I. compare as to payment records?

After a long sustained boom such as we are experiencing now, the credit factor seems important — and is of course. It's being given far greater weight in every line now than it was a year ago.

Looking for clues, *The Mortgage Banker* queried about 40 key members coast to coast. Here are some of the things we found:

Foreclosures on city property nationally are today only around 9 per cent of the 1935-39 average. They reached their low in 1946, then turned up very slightly in 1947. Foreclosures rose constantly during the second half of the twenties and reached their peak in 1932-33. They're not a major problem anywhere today.

Loan delinquencies, forerunner to foreclosure, are few and far between these days. They're no problem with practically all of the mortgage lenders interviewed. A number express concern about what may develop in the future but that's crossing a bridge before we come to it; what we wanted to know is what's developing now.

Members generally are finding little or no difference between G.I., FHA and conventional loan delinquencies. Others say that such delinquencies as they have now are chronic cases—borrowers who have been consistently slow and laggard.

So, all in all, it is a pretty favorable credit picture in mid-year 1948. And, as one member aptly put it, business conditions will have to change a great deal—to the unfavorable side, of course —before loan delinquencies become a serious factor in mortgage lending.

Significantly, the veteran has proved himself a pretty substantial risk. The figures prove that conclusively. Based on recent official data, the VA has approved 1,289,948 loans for closing, of which 1,155,418 were home loans. Of this total, only 5,836 have defaulted and gone so far as to result in a claim. And, significantly, of the 5,836, only 1,725 were home loans (335 were farm and 3,776 business loans).

Acts Quickly After First Default

I hope we are all using judgment now and are making and servicing our loans in a way that will permit some flexibility in amortization when the going gets tough for some of our borrowers. We believe in the monthly payment system and in catching up with a delinquent with the first month's default. He receives a second notice if he has not paid by the 10th and we are talking with him by the 20th if he failed to pay by the 15th. That does not mean that we get tough and boil him in oil—we just want to talk to him and help him.

After all we are more experienced in the mortgage business, and generally in finance, than our borrower and if we can help, we should. But we catch him fast on the first default and don't wait until he has accumulated a default he can't make up. If he is worthy, we may permit him to default some amortization, yes even some interest or tax if his trouble is only temporary, but we keep him from getting discouraged.

If he is a chronic delinquent, a fellow who can but just doesn't pay on time, we get rid of him. When the succeeding mortgage default period comes we won't have time to fool with him. We owe our time to the borrower who is the victim of circumstances and conditions that caused that general default period. If the mortgagor does not pay his installment when due and does not bother to discuss it with us, he has borrowed our money without our consent.—H. R. TEMPLETON, *vice president, The Cleveland Trust Company, writing in the May issue of Burroughs Clearing House.*

DELINQUENCIES AND WHAT WE DO ABOUT THEM

Average claim amounted to around $1,700 for home loans, $1,027 for farm loans and $1,025 for business loans. And 50,571 G.I. loans have been paid off in full, of them 30,975 home loans.

The savings-and-loans also report a highly favorable experience with their G.I. loans. Ninety-nine of each 100 veterans made their payments promptly in 1947, the United States Savings and Loan league says. Less than 1 per cent of the loans made by 3,600 associations and co-operative banks were delinquent.

Nine of 10 associations reported that the payment record of veterans was better than, or at least equal to, that of nonveterans.

Less than one G.I. loan in every 850 resulted in foreclosure last year. The total number of families affected was 215.

No foreclosures were reported in 18 states and fewer than 10 were listed for 44 of the 48 states.

Average loan made by these associations to veterans was $5,667 (practically the same as the national average) as of January 1, 1948. This size loan, with the 14 to 18 year repayment period which the league said is typical, would require monthly payments of $36.89 to $44.15.

Now let's look in on some MBA members scattered around the country and see what conditions they are encountering and particularly what methods they use to make a delinquent loan a current one.

William J. Netherton of Kesselring-Netherton Co., Louisville, says he hasn't a delinquent loan on his books but recently has noticed that a few borrowers have been a little slow in making their payments. That seems to be general in his area, he says, based on information he has gathered from others. This is affirmed by James H. Pence, president, James H. Pence Company, Louisville, who has no delinquencies and hopes he "will be able to say this for some time to come."

John H. Sehrt, secretary of the A. C. Sehrt Co., Milwaukee, has had about the same experience.

"The greatest portion of our business is FHA. Present experience is very satisfactory. Out of approximately 500 accounts, we have only one or two where we have difficulties in making collections and these have been habitual even during the war period. We have noticed, however, appreciable reductions in the amount of principal pre-payments and have experienced slight difficulties in increasing the monthly payments where the real estate taxes have risen appreciably.

"We have several sections in our community where taxes have increased as much as $30 to $50 per year for the past two years on homes that are selling between $8,000 and $11,000 in today's market.

"As for G.I.'s, practically all our loans are second mortgages in connection with an FHA first mortgage, and our collection experience has been very satisfactory."

William J. Byars, Jr., manager of the mortgage loan department of Robert A. Cline, Inc., Cincinnati, is experiencing the same favorable conditions.

"Aside from a few chronic cases, payments are made in the first ten days of the month, with a majority received prior to the fifth. No notices are sent in advance of individual payments except when there is a change in amount necessary due to a change in insurance or tax deposits, as ordinarily they are for the same amount each time and are due on the first of each month.

"A routine delinquency notice is sent on the 10th, and after the 15th, telephone calls are made. It is seldom that there are ever two payments past due.

"Our residential loans show about the same collection percentages whether they are conventional, FHA or VA and all are written on a level monthly reduction plan. My personal opinion is that when the rate of delinquencies increases in one group, it will gain in the other two proportionately."

George W. Elkins

Howard Green

Howard Green, president of Great Lakes Mortgage Corporation, Chicago, says delinquencies are not increasing percentagewise in relation to volume of loans and "there appears to be no difference between FHA, conventional and VA loans regarding delinquencies" —an opinion held by many.

"The VA loans on which delinquencies have shown up have been confined to those where there are marital troubles or some special incident in the borrowers' lives to which delinquencies can be attributed," he said.

And out on the West Coast where the prognosticators of a few years ago were sure trouble would develop first, George W. Elkins, president of the George Elkins Company, Beverly Hills, Calif., finds that delinquencies "remain very low. In our office, they have been almost zero continuously. We had two loan delinquencies last month.

"We personally contact borrowers when a loan becomes more than fifteen days past due and it generally brings prompt results. We feel it preferable to contact delinquent borrowers in person."

The same thing seems to be true up around Minneapolis. R. Shippam, secretary, Northwestern Mortgage Company, says delinquencies aren't a problem with them. "On the 20th of the month less than 1 per cent of our loans are delinquent and less than one tenth of 1 per cent are more than 30 days' delinquent. Delinquencies have not been increasing appreciably, except for a noticeable period at the time income taxes were due.

"On the 10th of each month, we send out delinquent notices, and shortly thereafter begin contacting the borrowers by telepnone and letter urging payment."

Mr. Shippam's first notice is an envelope with a "reminder" message on the reverse side of the flap which the borrower can use for his payment. It looks like a simple, easy method of handling the matter.

DELINQUENCIES AND WHAT WE DO ABOUT THEM

Walter C. Nelson, vice president of the Eberhardt Company, Minneapolis, also finds little difference between FHA and conventional loan delinquencies. "We are servicing between 1600 and 1700 mortgages and on April 15 there were twenty loans in default. They were divided this way: conventional 8, G.I. 6 and FHA 6. We have approximately the same number FHA and conventional loans. Our G.I. loans represent about 15 per cent of our total mortgages.

"Our method of servicing delinquent loans consists of sending a delinquent statement on the 15th of the month if payment has not been received. On the 25th of the month a letter is written to the borrower. If two consecutive payments become due and remain unpaid, a personal call is made, either by telephone or at the borrower's residence or office. We have found that personal contact has been most effective in curing delinquent accounts because at those discussions a definite plan is usually worked out with the borrower for payment.

"We do not notice any particular difference between our FHA and conventional loans as far as delinquencies go. We have noticed that the higher percentage VA loans are the ones that cause us the greatest difficulty. In reviewing the original files on these cases as the delinquency occurs, it is apparent that the reason a maximum loan was made was the fact that the borrower had no particular assets. As difficulties and new expenses crop up, they have difficulty in meeting the mortgage payments. In several instances we have felt that the attitude of the high percentage VA borrower to his obligation has been unhealthy. In other words, they feel that the payment is rent and they do not feel the obligation as a mortgage obligation."


Walter C. Nelson

O. G. Gresham of Gresham & Company, Birmingham, says that so far delinquencies haven't become a problem down his way. "At the present time we have only one G.I. loan which looks as if it might mean trouble on account of marital difficulties.


O. G. Gresham

"We endeavor to correct the default by the end of the first month. If a loan is permitted to get several months in arrears, we have found it practically impossible to get it up to date. There is no difference in delinquencies on conventional and FHA loans."

The same seems to be true in the St. Louis area if the experience of Charles H. Zeibig of Cornet & Zeibig, Inc. is a criterion.

"All of our loans come due on the first of each month and by the 15th, we find that approximately 95 per cent of our collections have been made," he said. "Between the 15th and 25th, an additional 4½ per cent is collected. This means that 30 days after the due date we have only a fractional part of 1 per cent that have not been paid.

"Other than an isolated case or two, our collection record is 100 per cent within sixty days after the due date.

"We send notices to all borrowers about 10 days prior to the due date, and on the 10th of the month following a reminder notice is mailed and followed by a telephone call.


S. H. Trezevant

"On the 15th of the month, the bookkeeping department supplies the manager of our mortgage loan department with a written list of the delinquent accounts. These delinquencies are then followed up immediately by a letter from the head of the mortgage loan department, by a personal call or a personal visit."

In Memphis, Stanley H. Trezevant, president of Stanley H. Trezevant & Co., queried a number of mortgage men in his area and found that all were having about the same experience—namely, that delinquencies remain low and are no problem at the moment.

"One firm said delinquencies of one month or longer are only about 1 per cent of the number of loans serviced. Another stated that they are minor and of short duration. The third advised that delinquencies are less than one half of 1 per cent.

"To bring a delinquent loan to a current basis, telephone calls are most beneficial after written notices are ignored.

"Under Tennessee law, we have a very simple foreclosure system: thirty days advertisement under the trust deed and an additional ten days to get out a writ of ejectment. This method can be used very successfully when the loan is well-seasoned because the sale value on the present real estate market greatly exceeds the loan balance. Therefore, it is not necessary in case of a FHA loan to go through the rules and regulations of that agency.

"When the delinquent borrower gets notice of our intention to start foreclosure proceedings by a certain date unless his delinquencies are paid promptly, it has the desired effect."

In Greenville, S. C., Alester G. Furman, Jr., of Alester G. Furman Co., says there aren't any delinquencies to speak of in his area except in veterans' loans and these haven't become a problem.


Albert Mager

In Oklahoma City, Albert Mager, president, Mager Mortgage Company, finds that delinquencies have increased some. "I attribute it to the fact that many G.I.'s purchased homes and assumed payments that were a little more than they should have taken on.

"As to our methods, we enclose copy of a letter we recently wrote all of our investors and they seem pleased with the method. The letter applies principally to G.I. loans. On FHA and conventional loans, we send them a notice, adding a late charge; if this does not

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get results, we get in touch with them on the telephone or write. If this fails, we usually turn the matter over to our attorney and a letter from him brings the desired results."

As long as business conditions remain as they are, nothing more than the ordinary run of delinquencies can be anticipated, according to E. L. Ostendorf, Ostendorf-Morris Company, Cleveland, Ohio.

"In checking our records, our experience shows that we have no more delinquents now than we have had for the past several years. All accounts, such as ours, have their chronic cases —those cases which we have to constantly dun but which never reach that point of foreclosure.

"But we are spending an increasing amount of time and effort to keep these accounts current and start personal calls after the 10th of each month if payments have not been received by that time."

Turning for the moment to G.I. loans specifically, the dire predictions of trouble heard on every corner not too long ago certainly haven't materialized. The G.I. has proved a far better risk than even most optimistic people thought he would.

In our sampling of opinion, a few facts stood out:

First, mortgage lenders appear to be getting excellent and most capable cooperation from VA offices over the country. In almost every letter received, members speak of the cooperative, helpful attitude of the VA in cases where G.I. loans get behind or where a more drastic situation has to be met. In a number of cases, trouble has been avoided because the veteran was shown that his best interests lie in disposing of the property.

From Portland, Ore., R. M. Steeb of Norris, Beggs & Simpson, reports that he has had one or two cases that looked as though they might go to foreclosure but were later saved.

"The VA here is very helpful. Regulations specify a maximum time limit for reporting of delinquencies. No minimum time is mentioned in the regulations. It is our practice to report delinquency as soon as there is one uncured default, in other words if an April 1st installment remains unpaid by May 3rd at which time the May 1st installment is also delinquent, we begin preparation of notice of delinquency. The VA apparently agrees, for it is their thought and ours that prompt action may convince the veteran that the Administration and the loaning agency expect mortgage installment payments to be made promptly."

W. D. Clapp of Clapp-Thomssen Co., St. Paul, had two VA loans in default, one cured by resale and the other now offered. "Several savings-and-loans have had approximately three or four foreclosures and it is their opinion that the VA is most cooperative although a little slow in authorizing foreclosures. The VA interviews the delinquent borrowers and endeavors to work out their personal financial problems if at all possible. It appears that this policy has been successful in curing several default cases."

E. A. Howard, General Mortgage Investments, Inc., Chicago, has had a few loans getting 30 to 60 days behind but anticipates no foreclosures. A. W. Hodge, Cooper, Coffman and Brooks, Inc., Knoxville, hasn't had a VA foreclosure—and adds that this goes for FHA and every other type of loan as well. The firm has been in business for ten years. Fred J. Freiner, president of L. E. Mahan & Company, St. Louis, reports no trouble.

"During this period of high construction cost and sales prices, the veteran can easily dispose of his property and receive sufficient monies from the purchaser to salvage his equity. This, of course, applies to the newer type homes and properties on which the veteran has not paid too great an inflationary price."

J. C. Taylor, president of the J. C. Nichols Company, Kansas City, and M. S. Stringer, president, Dunn and Stringer, Inc., St. Paul, also report satisfactory experience so far. Mr. Taylor points out that he feels his experience has been partially due to careful screening of applications.

The same is true of Wilfred G. Gehr of the Wilfred G. Gehr Company in New Orleans. "The high percentage of the G.I loans are paying out satisfactorily but they must be watched carefully and see that the borrower starts off paying promptly and maintains this habit. I have found that in the South Louisiana area where we are most active in making G.I. loans, that the personnel of the Veterans Administration is most helpful and cooperative. We feel that any loan which they hesitate to recommend or guarantee is not a good loan for us to handle."

Wilfred G. Gehr

Of around 1,000 loans, 95 per cent of which are FHA, being serviced by Murphey Favre Mortgage Co., Spokane, 4 per cent are delinquent 30 days or less and only 1 per cent behind 60 days or over. Delinquencies are not increasing, Warren I. Williams, president, said and added that he considers the present situation in his area most satisfactory. George W. Warnecke, president, George W. Warnecke & Co., Inc. reports satisfactory VA experience.

From Pittsburgh comes a report from John C. Phillips of Murrer and Phillips, Inc., that strikes in that area have not stepped up delinqencies. Their GI loans show a perfect record.

"We believe that having a mortgagor come to the office to discuss his problems is by far the most effective way of working out a delinquent account. If the payment due on the first is not received by the eighth, a reminder is mailed; and if the payment is not in our office by the fifteenth, we send out a delinquent notice. At the end of the month, we make a personal contact, by phone if possible, and invite the mortgagor to call at our office if he cannot tell us exactly when the payment will be made."

MAURICE R. MASSEY JOINS PHILADELPHIA MORTGAGE CO.

Maurice R. Massey, Jr. has resigned as assistant FHA commissioner in charge of field operations to become associated with Peoples Bond & Mortgage Company, Philadelphia, as vice president, Herman M. Watkins, president, announced. Massey is a native Philadelphian and has been with FHA since 1935 except for a period in the army where he was a lieutenant colonel. He has spoken before many MBA meetings.

M. R. Massey, Jr.

NEW MBA DIRECTORY OUT

The new *Directory of MBA Members* is out and you should have your copy. It contains complete listings for more than 1200 mortgage lending and investing institutions and is the only such directory published anywhere. Editors are Secretary George H. Patterson and Mrs. Carolyn Crumrine who exerted every effort to make it as complete and accurate as possible. Keep it handy for reference.

At the recent alumni dinner of the graduate school of business administration of New York University, those attending received copies of the addresses given at the MBA-NYU educational course as an example of the type of work the school is doing in this field. Did you get your copy? If not, send $1 to Stewart Sheppard, New York University, 90 Trinity Place, New York.

MORTGAGE BANKING SEMINAR

(Continued from page 3)

E. W. Lutz, General Mortgage Corporation, Longview, Washington; J. C. Trotter, Continental, Inc., Seattle; Oswald Sanford, Seattle-First National Bank, Seattle; Ben J. Smith, Seattle Mortgage Company, Seattle, Washington.

John R. Barton, George D. Barclay Company, Tacoma, Washington; H. J. Stark, First National Bank of Ceredo, Ceredo, W. Virginia; M. D. Carrico, Central Trust Company, Charleston, W. Virginia; Donald S. Ferguson, Frank N. Ferguson & Sons, Inc., Milwaukee; Harold A. Trittin, Marshall & Ilsley Bank, Milwaukee.

N. H. Currence, The Casper National Bank, Casper, Wyoming; The Great-West Life Assurance Company, Winnipeg, Manitoba, Canada; G. A. Golden, Sun Life Assurance Company of Canada, Montreal; Horace E. Davila, Banco de Santurce, Santurce, San Juan, Puerto Rico.

O. B. Johnston, Finance Corporation, Tulsa.

John R. Buckley, Jr., Home Federal Savings & Loan Association, Des Moines; W. H. Hoofnagle, Jr., Mortgage Investment Corp., Richmond; Lee E. Webster, Douglas C. Boyer, Jr., Great Lakes Mortgage Corporation, Chicago.

George L. Dunaway, Goodyear Mortgage Corp., Charlotte, N. C.; James J. McGrath, Alexander Kozachuk, W. A. Clarke Mortgage Co., Philadelphia.

W. WALTER WILLIAMS, PAST MBA PRESIDENT, HEADS C.E.D.

W. Walter Williams, president of Continental, Inc., Seattle, and past president of MBA, has been elected chairman of the Committee for Economic Development. He succeeds Paul G. Hoffman, newly named administrator for Economic Co-operation to administer the Marshall Plan.

Walter Williams

Hoffman resigned as chairman and president of Studebaker corporation to take the European recovery post. He will continue as a trustee of the C.E.D., which was organized in July, 1942, by a group of industrial executives to chart a plan for industries' peace time operation.

The Committee has one of the best records of achievement of any private enterprise groups in recent years. Mr. Williams has been active in its affairs from the beginning. His selection to succeed Mr. Hoffman is a signal honor and recognition of his work; and MBA members will agree that the Committee couldn't have done better in the leadership they have just chosen.

LOCAL MORTGAGE GROUP IS FORMED IN NEW YORK CITY

Formation of the Mortgage Bankers Association of New York, composed of 35 savings and commercial banks, life insurance companies and mortgage houses is announced.

Lawrence A. Epter, president, Lawrence A. Epter and Associates, was elected president. Thomas E. Lovejoy, Jr., Manhattan Life Insurance Co., is vice-president, and Samuel Spitzbart, counsel of Franklin Square (L.I.) National Bank, is secretary-treasurer.

The board of governors includes: Richard L. Hurd, Teachers Insurance and Annuity Association of America; Alfred R. Marcks, Dime Savings Bank of Brooklyn; Joseph L. Mittelman, Seldin-Mittelman Organization; Harvey L. Schwamm, president, National Bronx Bank; and Lee Thompson Smith, president, Lawyers Title Corp.

President Thompson, who met with the organization committee earlier this year, addressed the group at its first luncheon meeting June 4th.

Personnel

SEEKS LOAN CONNECTION

Manager of office for national finance company making and servicing FHA Title I notes, FHA and conventional mortgages. Fifteen years' experience in real estate, sales, management, mortgages and appraisals. Married, 38 years old, now in Middle West. Interested in position with life company, bank or mortgage house. Excellent reasons for seeking new connection. Write Box 165, Mortgage Bankers Association of America, 111 W. Washington St., Chicago 2.

FRANCIS STABLER DIES; WAS WITH METROPOLITAN LIFE

With deep regret we record the death of Francis Stabler, manager of the city mortgage division of Metropolitan Life at his home in Manhasset, Long Island. He was 50 years old. He joined Metropolitan in 1927 as an appraiser and in 1944 assumed the position he held when he died. His widow, two children and his father, who was controller of Metropolitan until 1928, survive. Mr. Stabler was well-known to MBA members and attended our annual conventions regularly.

BALTIMORE MBA SPONSORS MORTGAGE FINANCE MEETING

One of the most interesting local meetings anywhere this year was the Mortgage Finance Conference arranged by the Mortgage Bankers Association of Baltimore on June 3. Paul P. Swett, Jr., James W. Rouse, Albert Keidel, James W. Leyko, M. H. Chernoff and Guy T. O. Hollyday comprised the committee arranging the meeting. The morning session was devoted to the money question with Mr. Swett the moderator and Irving G. Bjork of Connecticut General, Charles S. Garland, investment banker, and Prof. Fritz Machlup of Johns Hopkins the speakers. At the luncheon session members heard Frederick H. Allen, noted city planner and housing consultant.

At the afternoon session, Hunter Moss of Baltimore spoke on financing income properties. Mr. Rouse moderated a panel discussion on the lender's place in the development and planning of the city's growth. Members of various Baltimore planning groups spoke. William A. Clarke of Philadelphia spoke on "Do you know the cost of operating your mortgage department?" At the evening session, Richard J. Seltzer, president, Urban Land Institute, spoke on downtown and suburban shopping centers.